

**HOUSE BILL 890**  
CONSTITUTIONAL AMENDMENT

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C7  
HB 732/02 - W&M

2003 Regular Session  
3r1744

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By: **Delegate Pendergrass**

Introduced and read first time: February 7, 2003

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Public Education - Funding - Video Lottery Terminals**

3 FOR the purpose of prohibiting the statutory expansion of forms of gaming, with  
4 certain exceptions, by the General Assembly; providing for the regulation of the  
5 operation of certain video lottery terminals by the State Lottery Commission  
6 under certain circumstances; providing that video lottery terminals may be  
7 offered for public use in the State only by a business entity to which a video  
8 lottery facility license has been issued by the State Lottery Commission;  
9 providing that other laws that prohibit the operation of video lottery terminals  
10 do not apply to video lottery terminals authorized under this Act; requiring  
11 video lottery terminals and associated equipment to be owned or leased by and  
12 under the control of the Commission; limiting the number of licenses to operate  
13 video lottery terminals to locations at a certain number of different regions of  
14 the State; limiting to a certain number the number of video lottery terminals at  
15 a certain facility that a video lottery facility licensee may operate; requiring the  
16 State Lottery Commission to select applicants to be issued a video lottery facility  
17 license through a competitive process that is to be reviewed and approved by the  
18 Governor and the Legislative Policy Committee of the General Assembly before  
19 the process is utilized; providing that the proceeds of the video lottery terminal  
20 gaming authorized by this Act that are not returned to successful players shall  
21 be under the control of the State Lottery Commission; requiring that at least  
22 one-half of the net proceeds of the video lottery terminal gaming authorized by  
23 this Act be dedicated to a special fund and used to implement the provisions of  
24 certain enactments relating to the public education funding and college  
25 readiness for disadvantaged and capable students and for public libraries;  
26 requiring that a certain percentage of the net proceeds of the video lottery  
27 terminal gaming authorized by this Act be provided to certain counties and  
28 localities under certain circumstances; submitting this amendment to the  
29 qualified voters of the State of Maryland for their adoption or rejection; and  
30 generally relating to the financing of public education through the authorization  
31 of video lottery terminal gaming that is regulated and controlled by the State  
32 Lottery Commission.

33 BY proposing an addition to the Constitution of Maryland

34 New Article XIX - State Lottery Commission - Video Lottery Terminals

1 Section 1 through 4, inclusive

2 Preamble

3 WHEREAS, The question of whether to authorize video lottery terminals is a  
4 public policy issue of paramount importance to the State; and

5 WHEREAS, The authorization of any additional forms or expansion of  
6 commercial gaming, such as casino-style gaming, in the State is prohibited by this  
7 Act; and

8 WHEREAS, The General Assembly recognizes that an investment in education  
9 is an investment in the State's economic future and in a workforce that can meet the  
10 challenges of the 21st century and beyond; and

11 WHEREAS, During the 2002 Session, the General Assembly passed landmark  
12 legislation that essentially codified the recommendations of the Commission on  
13 Education, Equity, and Excellence (the Thornton Commission) that would increase  
14 State funding for public schools by more than \$1 billion over the next several years;  
15 and

16 WHEREAS, In order to help the State achieve the goals of the public school  
17 funding legislation of 2002 that was enacted into law and entitled the "Bridge to  
18 Excellence in Public Schools", the General Assembly finds and declares that this Act  
19 is necessary to help generate, at least in part, revenues required to fund the 2002  
20 enactment; and

21 WHEREAS, The State should dedicate significant levels of funding from the  
22 video lottery operations to reflect a commitment to adequate prekindergarten through  
23 secondary public education and educational opportunities for the students of the  
24 State; and

25 WHEREAS, It is essential to identify "destination tourist locations" for video  
26 lottery terminals in order to compete with surrounding states that have authorized  
27 video lottery terminals; and

28 WHEREAS, "Destination tourist locations" for video lottery terminals offer the  
29 best opportunity for the State to maximize revenues to achieve the State's education  
30 needs and maintain State government; now, therefore,

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
32 MARYLAND, (Three-fifths of all the members elected to each of the two Houses  
33 concurring), That it be proposed that the Constitution of Maryland read as follows:

34 **ARTICLE XIX - STATE LOTTERY COMMISSION - VIDEO LOTTERY TERMINALS**

35 1. DEFINITIONS.

36 (A) IN THIS ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS  
37 INDICATED.

1 (B) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY  
2 THE STATE LOTTERY COMMISSION IN ADMINISTERING THIS ARTICLE.

3 (C) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH  
4 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT  
5 IS OTHERWISE ALLOCATED UNDER THIS ARTICLE.

6 (D) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC  
7 CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,  
8 TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS  
9 AVAILABLE TO PLAY OR OPERATE, THE PLAY OR OPERATION OF WHICH, ONLY BY  
10 APPLICATION OF THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE PLAYER  
11 WHO OPERATES THE DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE,  
12 TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE  
13 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

14 (2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED  
15 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,  
16 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF  
17 MARYLAND.

18 (3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE A VIDEO,  
19 ELECTRONIC, MECHANICAL, OR OTHER POKER OR BLACKJACK CONTRIVANCE,  
20 MACHINE, OR OTHER DEVICE.

21 2. ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING PROHIBITED.

22 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON OR AFTER  
23 THE EFFECTIVE DATE OF THIS ARTICLE, THE GENERAL ASSEMBLY, EXCEPT TO THE  
24 EXTENT VIDEO LOTTERY TERMINAL GAMING IS AUTHORIZED BY THIS ARTICLE, MAY  
25 NOT AUTHORIZE STATUTORILY ANY ADDITIONAL FORMS OR EXPANSION OF  
26 COMMERCIAL GAMING, INCLUDING CASINO-STYLE GAMING, CARD GAMES, DICE  
27 GAMES, ROULETTE, SLOT MACHINES, AND VIDEO LOTTERY TERMINALS.

28 (B) THIS SECTION DOES NOT APPLY TO:

29 (1) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION,  
30 LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT  
31 ARTICLE OF THE ANNOTATED CODE OF MARYLAND;

32 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE  
33 BUSINESS REGULATION ARTICLE OF THE ANNOTATED CODE OF MARYLAND; OR

34 (3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR  
35 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE  
36 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER TITLE 12  
37 OR TITLE 13 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF  
38 MARYLAND.

## 1 3. VIDEO LOTTERY FACILITY LICENSE REQUIREMENTS.

2 (A) THE STATE LOTTERY COMMISSION SHALL REGULATE THE OPERATION OF  
3 VIDEO LOTTERY TERMINALS THAT ARE USED BY INDIVIDUALS FOR VIDEO LOTTERY  
4 GAMING OR BETTING PURPOSES AT VIDEO LOTTERY FACILITIES LICENSED UNDER  
5 THIS ARTICLE.

6 (B) ONLY A BONA FIDE CORPORATION, PARTNERSHIP, BUSINESS TRUST,  
7 LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY THAT HAS BEEN ISSUED  
8 A VIDEO LOTTERY FACILITY LICENSE BY THE STATE LOTTERY COMMISSION MAY  
9 OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE STATE UNDER THIS  
10 ARTICLE.

11 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,  
12 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO  
13 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS ARTICLE.

14 (D) EACH VIDEO LOTTERY TERMINAL DEVICE, ANY ASSOCIATED EQUIPMENT,  
15 AND ANY CENTRALIZED COMPUTER SYSTEM THAT IS USED TO CONTROL VIDEO  
16 LOTTERY TERMINALS SHALL BE OWNED OR LEASED BY THE STATE LOTTERY  
17 COMMISSION AND SHALL BE UNDER THE CONTROL OF THE STATE LOTTERY  
18 COMMISSION.

19 (E) (1) THE STATE LOTTERY COMMISSION MAY ISSUE NO MORE THAN SIX  
20 VIDEO LOTTERY FACILITY LICENSES TO OPERATE VIDEO LOTTERY TERMINALS AT  
21 DESTINATION TOURIST LOCATIONS IN SIX DIFFERENT REGIONS OF THE STATE.

22 (2) AT LEAST ONE LICENSE SHALL BE ISSUED IN EACH OF THE  
23 FOLLOWING REGIONS:

24 (I) ALLEGANY, FREDERICK, GARRETT, AND WASHINGTON  
25 COUNTIES;

26 (II) BALTIMORE, CARROLL, AND HARFORD COUNTIES;

27 (III) CAROLINE, CECIL, KENT, AND QUEEN ANNE'S COUNTY;

28 (IV) DORCHESTER, SOMERSET, TALBOT, WICOMICO, AND  
29 WORCESTER COUNTIES;

30 (V) CALVERT, CHARLES, PRINCE GEORGE'S, AND ST. MARY'S  
31 COUNTIES; AND

32 (VI) BALTIMORE CITY, ANNE ARUNDEL, HOWARD, AND  
33 MONTGOMERY COUNTIES.

34 (F) THE STATE LOTTERY COMMISSION MAY ISSUE A VIDEO LOTTERY  
35 FACILITY LICENSE ONLY IN A COUNTY OR BALTIMORE CITY IN WHICH A MAJORITY  
36 OF THE VOTES CAST WERE IN FAVOR OF THIS ARTICLE.

1 (G) A VIDEO LOTTERY FACILITY LICENSEE MAY NOT OPERATE MORE THAN  
2 2,000 VIDEO LOTTERY TERMINALS AT A FACILITY FOR WHICH THE LICENSEE HOLDS  
3 A LICENSE.

4 (H) (1) THE COMMISSION SHALL SELECT APPLICANTS TO BE ISSUED A  
5 VIDEO LOTTERY FACILITY LICENSE USING A COMPETITIVE PROCESS.

6 (2) BEFORE THE STATE LOTTERY COMMISSION IMPLEMENTS A  
7 COMPETITIVE PROCESS TO SELECT APPLICANTS FOR VIDEO LOTTERY FACILITY  
8 LICENSES, THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND THE  
9 LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY FOR REVIEW AND  
10 APPROVAL THE COMPETITIVE PROCESS TO BE USED.

11 4. DISTRIBUTION OF PROCEEDS.

12 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE  
13 CONTROL OF THE STATE LOTTERY COMMISSION.

14 (B) (1) AT LEAST ONE-HALF OF THE NET PROCEEDS SHALL BE DEDICATED  
15 TO A SPECIAL FUND AND USED:

16 (I) TO PROVIDE AN ADEQUATE EDUCATION FOR CHILDREN  
17 ATTENDING PUBLIC SCHOOLS IN THE STATE IN PREKINDERGARTEN THROUGH  
18 GRADE 12, THROUGH IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS  
19 THE "BRIDGE TO EXCELLENCE IN PUBLIC SCHOOLS", FIRST ENACTED BY CHAPTER  
20 288 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2002;

21 (II) TO ENHANCE COLLEGE READINESS, TEACHER PREPARATION,  
22 AND FINANCIAL AID FOR DISADVANTAGED AND CAPABLE STUDENTS, THROUGH  
23 IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS COLLEGE READINESS  
24 FOR DISADVANTAGED AND CAPABLE STUDENTS, FIRST ENACTED BY CHAPTERS 315  
25 AND 429 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2002; AND

26 (III) TO SUPPORT PUBLIC LIBRARIES.

27 (2) (I) IN ORDER TO COMPENSATE THE COUNTIES AND LOCALITIES IN  
28 OR NEAR WHERE A VIDEO LOTTERY FACILITY IS LOCATED FOR INFRASTRUCTURE,  
29 FACILITIES, SERVICES, AND OTHER IMPROVEMENTS, AT LEAST 5% OF THE NET  
30 PROCEEDS GENERATED AT EACH VIDEO LOTTERY TERMINAL LOCATION SHALL BE  
31 DISTRIBUTED TO THE COUNTY WHERE THE FACILITY IS LOCATED.

32 (II) IF A VIDEO LOTTERY LICENSE IS ISSUED FOR THE LAUREL  
33 RACE COURSE, THE NET PROCEEDS FROM THAT LOCATION SHALL BE DISTRIBUTED  
34 AS FOLLOWS:

- 35 1. 3% TO ANNE ARUNDEL COUNTY;
- 36 2. 1% TO HOWARD COUNTY; AND
- 37 3. 1% TO THE CITY OF LAUREL.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly  
2 determines that the amendment to the Constitution of Maryland proposed by this Act  
3 affects multiple jurisdictions and that the provisions of Article XIV, Section 1 of the  
4 Constitution concerning local approval of constitutional amendments do not apply.

5 SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section  
6 proposed as an amendment to the Constitution of Maryland shall be submitted to the  
7 legal and qualified voters of this State at the next general election to be held in  
8 November, 2004 for their adoption or rejection in pursuance of directions contained in  
9 Article XIV of the Constitution of this State. At that general election, the vote on this  
10 proposed amendment to the Constitution shall be by ballot, and upon each ballot  
11 there shall be printed the words "For the Constitutional Amendment" and "Against  
12 the Constitutional Amendment," as now provided by law. Immediately after the  
13 election, all returns shall be made to the Governor of the vote for and against the  
14 proposed amendment, as directed by Article XIV of the Constitution, and further  
15 proceedings had in accordance with Article XIV.